

TOWN OF HOLLISTON

FINANCIAL MANAGEMENT REVIEW

NOVEMBER 2021



DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

DLS | Financial Management Resource Bureau
www.mass.gov/dls

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DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

2. DLS Presentation of FMR
Geoffrey E. Snyder
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

November 2, 2021

Select Board's Office
Town of Holliston
703 Washington Street
Holliston, MA 01746

Dear Board Members,

I am pleased to present the enclosed financial management review for the Town of Holliston. It is my hope that our guidance provides direction and serves as a resource for local officials as we build better government for our citizens.

If you have any questions regarding this report, please contact Zack Blake, Financial Management Resource Bureau Chief, at 617-626-2358 or blakez@dor.state.ma.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean R. Cronin".

Sean R. Cronin
Senior Deputy Commissioner

TABLE OF CONTENTS

INTRODUCTION	2
COMMUNITY PROFILE.....	2
OVERALL FINANCIAL MANAGEMENT.....	8
RECOMMENDATIONS.....	11
1. <i>Consider a Town Charter</i>	<i>11</i>
2. <i>Develop and Adopt Budget Bylaw</i>	<i>11</i>
3. <i>Conduct a Comprehensive Bylaw Review</i>	<i>12</i>
4. <i>Complete Quarterly Financial Presentations</i>	<i>13</i>
5. <i>Consolidate Human Resource Files and Recordkeeping</i>	<i>14</i>
6. <i>Consider Biweekly Payroll</i>	<i>14</i>
7. <i>Begin a Succession Planning Program</i>	<i>15</i>
8. <i>Procure Auditing Services and Conduct Annual Exit Conference.....</i>	<i>15</i>
9. <i>Discuss and Agree on Comparable Community Methodology</i>	<i>16</i>
10. <i>Bill and Collect Water Charges</i>	<i>17</i>
11. <i>Enter Departmental Receipts.....</i>	<i>17</i>
12. <i>Approval of Vendor Bills and Payroll by Boards</i>	<i>17</i>
13. <i>Reconcile Receivables Monthly.....</i>	<i>18</i>
14. <i>Review Certification Directives</i>	<i>18</i>
ACKNOWLEDGEMENTS.....	19

INTRODUCTION

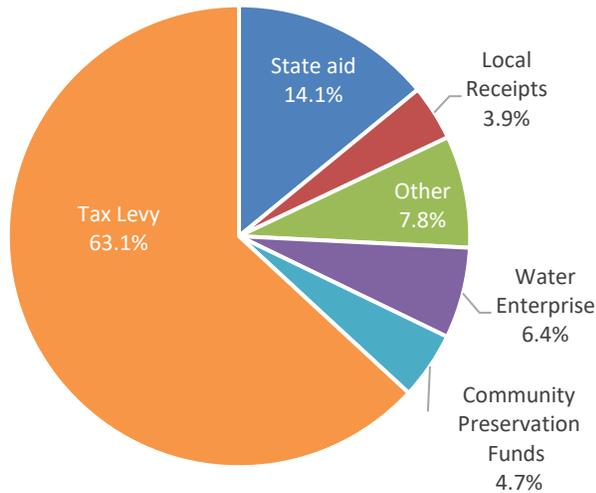
At the request of the select board, the Division of Local Services (DLS) completed this financial management review of the Town of Holliston. The review's scope encompassed government structure, fiscal planning, financial policies, information technology, and operational practices of the town's financial offices. During the course of our review, we spoke with staff from both town and school financial management teams, including the town administrator, principal assessor, treasurer/collector, town accountant, facilities director, information technology director, as well as departmental staff in the treasurer/collector, assessing, and accounting offices. We also interviewed elected members of the select board, board of assessors, and finance committee.

COMMUNITY PROFILE

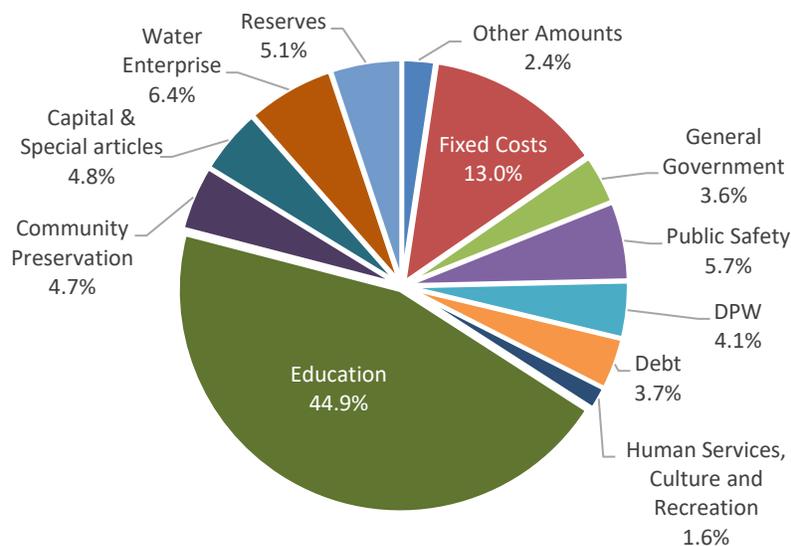
Holliston is a town of 14,912 persons located in the MetroWest area between Boston and Worcester, a short distance from Interstate 495. The town's FY2021 average single-family tax bill was \$8,915, about 45% higher than the statewide average of \$6,148. Residential property made up 87% of total property valuations the same year. Holliston's FY20 equalized valuation per capita was \$193,270, below the statewide average of \$254,898. The town's per capita income, \$54,586, is well above the statewide average of \$41,766.

Holliston provides a wide range of municipal services, including a full-time police force, fire department, ambulance service, public works department, library, senior center, and youth and family community resources. Town water services a majority of the community but lacks a sewer system that limits future economic development. In addition to supporting its own K-12 school district made up of two elementary schools, one middle school, and one high school with an enrollment of approximately 2,600 students, Holliston is a member of the South Middlesex Regional Vocational Technical School District. While the town's other schools are relatively new, the high school was built in 1969 and renovated in 2001. The town is pursuing a solution to this outdated building and has submitted statements of interest (SOI) with the Massachusetts School Building Authority (MSBA) annually since FY2018. If the MSBA approves the SOI, local officials anticipate construction of a new high school.

The town's FY2021 revenues totaled \$80.9 million. The tax levy makes up the largest portion of the town's revenues at 63.1% followed by state aid at 14.1%. Local receipts make up 3.9% of the budget, while water enterprise is 6.4%, community preservation funds are 4.7%, and other funds account for 7.8%.



Holliston’s FY2021 operating budget funds a mixture of operations, services, and other expenditures. Roughly 75% of the budget funds the top five spending areas: education at 44.9%; fixed costs such as retirement, employee benefits¹ and insurance at 13%; water enterprise at 6.4%; public safety at 5.7%; and making contributions to reserves such as stabilization fund and Holliston’s capital reserve fund at 5.1%. The remaining 25% of the budget provides for capital and special articles (4.8%), Community Preservation (4.7%), public works (4.1%), debt service (3.7%), general government (3.6%), intergovernmental/overlay (2.4%), human services (0.8%), and cultural and recreational programs (0.8%).

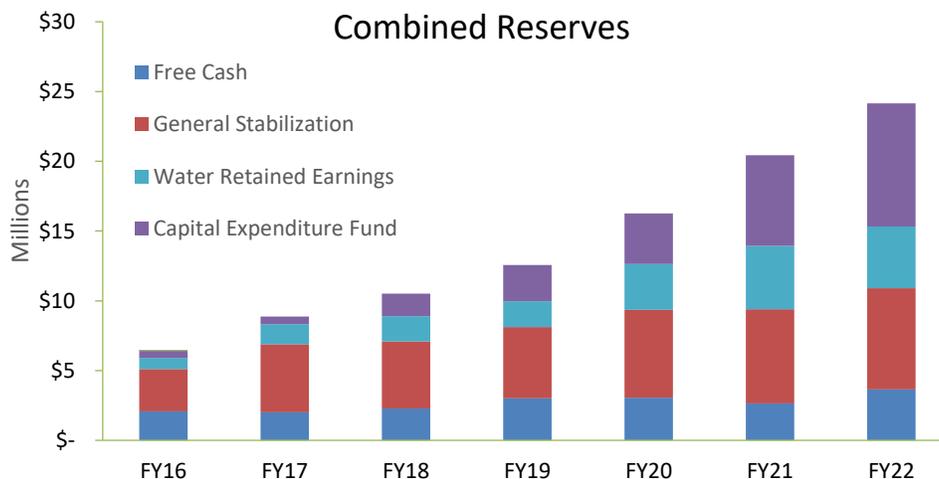


¹ Within employee benefits, Holliston budgets nearly all the annual \$1.5M contribution to the other post-employment benefits (OPEB) trust. The remaining contributions come from the Water Enterprise, Metrowest Veteran District, and School’s Extended Day Program budgets.

The town has steadily grown its reserves in recent years. Free cash has been certified at levels above \$2M each year and is generally used to increase reserves and fund capital or other one-time expenditures. The general stabilization fund has been built up from \$3M to \$7.2M, following the town's financial policies to maintain a minimum balance equal to 8.1% of general fund expenditures and with a target balance of 10% of general fund expenditures. Water retained earnings are the certified surplus of the enterprise fund after water revenues cover all water-related expenditures. The town's policy is to maintain retained earnings at not less than 10% of the gross water revenues and use retained earnings to fund capital needs any emergency repairs.

In addition, to these reserves, the Capital Expenditure Fund was established by special act ([c. 46 Acts of 1993](#)) to ensure the community maintains, preserves, and replaces equipment, vehicles, infrastructure, and buildings. Per its [financial policies](#), the town aims to spend 3%-5% of the town's omnibus budget on capital expenditures and keep a balance of at least 2% of the omnibus budget in the capital expenditures fund.

The town's other post-employment benefit (OPEB) trust fund was established in 2013 ([c. 189 Acts 2013](#)) and has a balance of \$21.8M as of 6/30/2021. The town makes annual OPEB contributions of \$1.5 million, which will be evaluated after FY23 per the town's financial policies. As of June 30, 2021, the town's funding ratio for its OPEB liabilities was 44.75%. The pension reserve fund ([MGL c. 40, §5D](#)) was established by town meeting vote in 2021 with an initial transfer of \$43,524. As a member of the Middlesex County Retirement System (MCRS), the town budgets its annual retirement assessment that includes an actuarially determined amount to reduce the unfunded liability. The town also plans to make annual appropriations to the pension reserve fund. The monies are invested with the Massachusetts Pension Reserves Investment Management Board and used to make additional payments towards Holliston's unfunded pension liability.

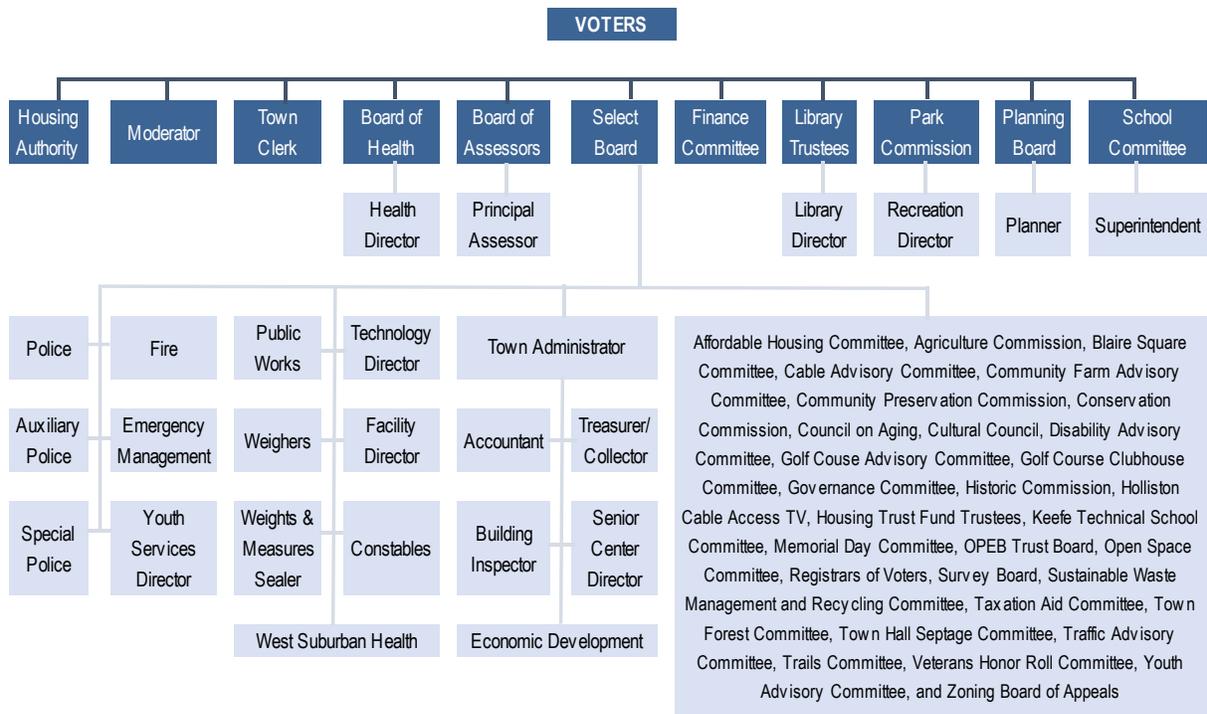


Courtesy of the increase in reserve levels coupled with the establishment of another post-employment benefit OPEB Trust Fund, Holliston officials were met with an unanticipated benefit this year. In June 2021, Standard & Poor's upgraded the town's credit rating from AA+ to AAA, citing strong reserves, financial policies and procedures, and pension and OPEB funding levels. This uptick in its credit rating will assist the town as it plans to issue permanent financing for its water treatment plant improvement and contemplates the construction of a new high school.

Having no home rule charter, Holliston operates according to Massachusetts General Laws, supplemented by special acts of the state legislature, locally accepted legislation, bylaws adopted by town meeting, and policies approved by the select board. Holliston operates under a select board-town administrator-open town meeting form of government. The three members of the elected, select board serve staggered three-year terms, have overall responsibility for the town's general operations, and function as its chief policymaking body while the town administrator oversees day-to-day operations. Town meeting functions as Holliston's legislative, appropriating body, enacting bylaws, approving annual budgets and specific expenditures, and authorizing debt.

Holliston's finance committee is made up of seven elected members, each serving a three-year term. The town's bylaws state that each town board, officer, and committee that has a budget must come before the finance committee annually to present their budget request for the upcoming fiscal year. The finance committee holds hearings with the select board's departments and separately elected committees, prepares its recommendations on the omnibus budget, capital requests, and any matters with a financial implication in a report to town meeting.

As depicted in the organizational chart below, Holliston has separately elected boards with no reporting relationship to the select board. In addition, there are over 30 separate committees, some established by bylaw and others for special purposes. Recognizing that a decentralized structure inhibits coordination and accountability, the town has made incremental organizational changes over the years and is currently considering additional modifications.



In 1982, the town meeting created the selectmen's administrative assistant position, which was changed to an executive secretary position in 1987. At the request of the select board in 1988, DLS conducted a financial management review that recommended the town:

- Broaden the responsibilities of the executive secretary to include coordination of the budget process and oversee financial management activities
- Appoint town accountant, eliminating elected town auditor
- Appoint treasurer/collector, eliminating elected position
- Have finance committee focus on budget and policy recommendations to town meeting

Following that report, town meeting approved articles to strengthen the administrative, operating and capital budget and coordinating responsibilities of the executive secretary's position and successfully sought special legislation, [c. 99 Acts of 1988](#), to change the treasurer/collector and accountant positions to appointed ones. In 1993, Holliston again obtained special legislation to adopt a town administrator-selectmen form of government, [c. 94 Acts of 1994](#). More recently, the town established a department of public works by special act, [c. 162 Acts of 2014](#), abolishing the water commissioners, combining the highway and water departments, adopting enterprise accounting for the water operation, and appointing a public works director under the select board.

More recently, Holliston established a Governance Committee in March 2020 with a three-year term. At the May 2021 town meeting, the committee proposed a series of recommendations. While the citizen's petition to expand the select board to five members were not approved, the Governance Committee's changes to town meeting and the creation of a talent bank was. In addition, the committee recommended that the town administrator continue developing the comprehensive budget and capital plan per its special act, and the finance committee review and advise town meeting as recommended in DLS' 1988 financial management review. It further aimed to codify the budget planning process and modernize other financial management responsibilities as similar towns do, but town meeting could not come to a consensus.

Holliston finds itself in a period of transition. The town is adding new staff and positions, facing pending retirements, and expects that it will need to invest in new projects and services in the short-term. After forty years of incremental change to the town's managing structure and as the complexities of municipal government grow, it is our hope that our recommendations provide useful guidance for the town as it positions itself going forward.

OVERALL FINANCIAL MANAGEMENT

The select board appoints the town administrator, who is the chief administrative officer of the town and is responsible for the supervision and efficient management of all departments, commissions, boards, and offices under the select board's jurisdiction, and coordinates with separately elected departments and offices. The town administrator oversees procurement, and is responsible for the use, maintenance, repair and rental of town facilities and equipment. He administers the town personnel system and is the select board's collective bargaining agent. The town administrator appoints the treasurer/collector, accountant, building inspector, and senior center director, and is involved with the hiring of public safety and public works department heads. He also conducts monthly department head meetings.

The town administrator keeps the select board and finance committee informed as to the financial condition and needs of the town and makes recommendations as necessary. With input from the accountant, principal assessor, and treasurer/collector, the town administrator develops projected revenues for the ensuing fiscal year, develops guidelines and forms, and distributes them to departments after being reviewed by the finance committee. He compiles department requests into a comprehensive, balanced budget with his recommendations to the finance committee, who holds separate hearings from the select board's. In May 2018, the Edward J. Collins Center for Public Management at the University of Massachusetts prepared a capital improvement plan for Holliston, but it has not been updated since. With significant capital needs on the horizon, the new town administrator prepared and will maintain a 5-year capital plan and supplemented it with a 5-year revenue and expenditure forecast for fiscal planning purposes.

Because of increasing complexities, Holliston established two new positions, a facilities director and an assistant town administrator, who report to the town administrator. The facilities director, who was hired in 2020, manages the procurement of goods and services relating to the maintenance, repair, and renovation of Holliston's buildings and systems. He is responsible for tagging all town assets, handling COVID-19 related modifications and improvements, and providing valuable insight into the development of the current capital plan. Currently, he oversees nine municipal buildings, which will expand to include Parks and Grounds and Schools under the three-year implementation plan. In September 2021, Holliston hired an assistant town administrator to oversee the town's human resources functions, which had been overseen by the treasurer/collector. The assistant town administrator will be responsible for recruitment, benefits, unemployment, workers compensation, policies, organizational development, risk management, and compensation and classification. She will supervise the benefits specialist, who will help update job descriptions, conduct new employee orientations, process retirements and terminations, consulting with employees about their benefits, and perform other related responsibilities.

The treasurer/collector joined the town in October 1990, after the role transitioned from an elected position to an appointed one. The treasurer/collector manages an assistant treasurer, an assistant collector, a principal clerk for payroll, and a principal clerk for taxes. The department's staff are cross-trained on all responsibilities. The treasurer/collector has both treasurer and collector certifications from the Massachusetts Collectors and Treasurers Association (MCTA), and both assistants are in progress of receiving their respective certifications as well.

On the treasurer's side, the staff accepts departments' weekly turnovers, deposits receipts, funds warrants, maintains a cash book, and reconciles activity to bank statements shortly after the close of each month. She oversees the payroll clerk, who enters the payroll in Munis on an exception basis and sends a copy to the accountant for review and reconciliation before placing it on the warrant. The treasurer manages investments, monitors cash flow, and issues debt. On the collector's side, the office collects payments on committed real and personal property taxes and excises, issues demand bills, pursues delinquent accounts, and responds to municipal lien certificate requests. The treasurer/collector initiates tax title takings on real property in the fiscal year after they become past due, moves the subsequent taxes before June 30 each year, files a petition with Land Court as needed, and holds auctions to place foreclosed properties back on the tax roll. She also reconciles cash with the accountant monthly and receivables annually. The office does not collect water charges, as the water department collects its own payments.

Holliston's town accountant has served in the role for over six years. The town accountant supervises a full-time accounting clerk, who processes bills to be placed on the warrant, scans invoices into Munis, updates vendor information, and prepares summaries of account balances and expenses for the select board. The town accountant maintains all original contracts, reviews the warrant and supporting documentation, reports voided checks to the treasurer, and posts batches to the general ledger. She receives copies of departments' turnovers, enters receipts into Munis, and reconciles cash activity on a monthly basis, while receivables are reconciled on an annual basis with the treasurer/collector. Reconciliations for outstanding charges with the water department are also completed regularly. The accountant takes the lead in preparing the annual tax recap sheet in coordination with the treasurer/collector, principal assessor, and town clerk. She sends departments correspondence on encumbrances and year-end closing activities, submits the Schedule A and the balance sheet required for free cash certification to DLS annually, and prepares schedules for the private auditor in compliance with single audit requirements.

The town's information technology director has been with the town for 17 years, serving in his current role for five years and previously as the school department's network administrator. The position is appointed by the select board and reports to the town administrator on a day-to-day basis. He manages the town's computers, servers and wireless network, oversees software installations and

upgrades, maintains the town's website and Facebook page, moderates remote public ZOOM meetings, and provides employees with technology support and training. He recently completed a five-year technology improvement plan, and deployed equipment for staff to work remotely due to the pandemic. The town will be upgrading the Munis financial management system this fall, and the information technology director will be monitoring the transition and providing support as necessary.

Holliston's assessing department is overseen by an elected three-member board, who are responsible for reviewing and approving valuations, abatements, and exemptions, and signing off on annual overlay and new growth estimates. The department employs a principal assessor, who has served the town for 26 years, and recently announced she will be retiring in the spring of 2022. Under the direction of the principal assessor, the assessing office is responsible for determining full and fair cash valuations, classifying all property, assigning tax payments to owners, and generating the commitment authorizing the treasurer/collector to collect property taxes and excise. The principal assessor conducts sales and building permit inspections. The principal assessor is supported by an assistant assessor and two clerks. The assistant assessor was recently hired and will be working with the principal assessor to complete the full reinspection program. Both clerks are part-time and tend to focus on different responsibilities within the department, so the principal will be providing cross-training to them.

The assessing department recently transitioned from the Community Software Consortium (CSC) Computer Assisted Mass Appraisal (CAMA) system to Tyler Technologies' platform, iasWorld, for the real estate and the Real Estate Research Consultants (RRC) system for personal property valuation. Issues with the conversion caused the delay of the town's scheduled recertification by the Bureau of Local Assessment (BLA) from FY2020 to FY2021. As a result of the conversion, the office is focused on completing a large number of property inspections.

RECOMMENDATIONS

1. Consider a Town Charter

While the town has made incremental organizational changes, its government remains decentralized, and the selectmen-town administrator special act does not recognize the facilities manager and new town administrator/human resources positions. We recommend the Governance Committee undertake a comprehensive review of the entire town's operations and management with a focus on improving overall accountability, coordination, and efficiency in government. It should be approached as an open fact-finding mission without any predetermined agenda. They should interview committees and departments, survey residents, and investigate other communities' charters and organizational structures and the means by which they were constructed and adopted. Through this process, the committee would find what works well, what is worth preserving, and where changes should occur. At the completion of its review, the committee would report its findings to the select board and propose a charter for adoption, if recommended.

Increasingly, communities have been adopting home rule charters to organize their local governments in the ways that best meet the needs of their citizens. A good charter clearly defines the structure under which a town operates, documents all its positions, boards, and committees, addresses issues of elected versus appointed officers and boards, establishes the distribution of power, and provides lines of authority. The charter should include the authority and responsibilities of a town administrator and delineate financial management procedures. Throughout Massachusetts, a charter is the preferred vehicle, over bylaws, to strengthen accountability and institute structural changes. Establishing a charter would help Holliston meet its long-term goals of better communication, improved management, and efficient operations.

2. Develop and Adopt Budget Bylaw

Both the town administrator, by special legislative act, and the finance committee, per town bylaw, have roles in the budget process. The town administrator is responsible for compiling the comprehensive annual operating budget and the annual capital improvements requests for all town departments, agencies, boards, and commissions and submit the same with his recommendations to the finance committee. The finance committee determines when budget requests are due, reviews all matters presented to town meeting, and provides budget and other financial recommendations. However, town budget practices are not completely documented in its bylaws.

Given the absence of a town charter, we recommend that the select board, finance committee, and town administrator develop a bylaw that codifies the entire process into a lasting, effective model. As a template for the bylaw, Holliston could look to similar examples from other communities. The

bylaw should establish a budget timeline, clearly define the responsibilities of various town officers, set out the order of tasks to be completed, and continue to assign the town administrator with responsibility for managing the process as set out in the town's special act. The timeline should include major milestones such as:

- Complete and present preliminary revenue projections
- Develop guidelines
- Distribute budget guidelines and prescribed forms to be completed by all departments
- Establish submission deadline
- Prepare a comprehensive, balanced budget developed by the town administrator with recommendations for the finance committee
- Hold budget hearings
- Update revenue projections based on new information
- Prepare budget recommendations for town meeting
- Hold town meeting

As part of the bylaw, we recommend that the presentation of the budget include all actions taken from the original departmental request through to the finance committee's recommendations. This will provide transparency and inform town meeting about each stage in the budget process.

We recommend that a similar bylaw be adopted for the town's capital planning process. Holliston has a bylaw for a capital improvement program that generically outlines the definition, submission of requests, and appointment of a subcommittee by the finance committee in its stead. The subcommittee membership includes a finance committee member as chair, and town officials and employees may not be voting members. However, by special act, the town administrator prepares the annual town wide capital improvement program with the omnibus budget, submitting it to the finance committee. The current capital planning process lacks a timeline, assignment of specific responsibilities, standardized capital request forms, a dollar threshold defining a capital expenditure, and criteria by which capital requests are prioritized. As previously noted, the current town administrator prioritized the development of a 5-year capital plan with input from the facilities director and will be updating it annually. A town bylaw that fully frames the entire process and includes key town officials as voting members would ensure that the process continues past the tenure of any one official.

3. Conduct a Comprehensive Bylaw Review

We recommend the town conduct a review of its bylaws to ensure that they are up-to-date and include the codification of all officials, boards, committees, and departments. Reading through the

current bylaws, we found they are organized chronologically, special acts are not codified within, and include references to town auditor, highway superintendent, and executive secretary, positions that have been renamed or changed for decades. In addition, Holliston adopted M.G.L. c. 40, § 57, (Licenses and permits; denial, revocation or suspension for failure to pay municipal taxes or charges), but titled it Tax Collector in the bylaws.

A strong set of bylaws establishes a formal framework of codes, policies, and procedures under which town government operates. These bylaws should identify and describe the membership, terms, roles and responsibilities of appointed and elected officials and committees. When a community has a charter, it is complemented by a series of bylaws that fill in the details and are revised as circumstances warrant. If, however, a community does not have a charter, the bylaws should be better developed, comprehensive and more informative than they currently are in Holliston. The revised bylaws should be organized by function, such as town management, financial operations, public safety, health, utilities and public works, planning and development, recreation, and so on.

As part of this review, the Governance Committee should review the numerous boards and commissions established by the town. They should ensure that each of the town's 33 committees have a documented purpose, an established term, and oversight structure to ensure they are fulfilling their mission and complying with local bylaws. The Governance Committee should recommend that any unnecessary or boards with overlapping purpose be consolidated or decommissioned.

4. Complete Quarterly Financial Presentations

We recommend that the town hold quarterly meetings of the select board, school committee, and finance committee. These meetings are an opportunity for the town administrator and financial team to present fiscal and other related updates simultaneously to the town's policymakers and any questions raised are answered or followed up on. These should include:

- Current budget and actions needed prior to setting the tax rate
- Current fiscal year revenue and expenditure actual vs budget
- Prior fiscal year end results
- Preliminary revenue projections for the ensuing fiscal year budget process
- New growth projections based on permits and development trends
- User charge collections and analysis of whether these fees are covering the cost of services provided

While this type of meeting would happen at different stages of the fiscal year, the most important one would be at the beginning of the annual budget process. The town administrator would present

his recommendations regarding the upcoming fiscal year's budget guidance, forecast assumptions and projections, and other related information. All three boards would be able to discuss at length and offer feedback in the same forum, and then proceed with their individual roles in the budget process. Communication, collaboration, cooperation, and the presentation of unified fronts inspire confidence and faith among taxpayers that maximum effort is made to solve local problems and address important issues. With a depth of knowledge and experience, teamwork amongst these groups could be a valuable resource that investigates major financial issues and town options for dealing with them.

5. Consolidate Human Resource Files and Recordkeeping

Having hired the assistant town administrator, the town has plans to establish a location for the human resources office to situate her and the benefits specialist. In addition, we recommend that all personnel files be centrally located in this office, transferring them from the different locations within town hall. The assistant town administrator will be able to ensure that employee information is kept separately, and access is guarded. Under M.G.L. c. 149, §52C, a personnel file would include all documents kept by an employer that have been used or may affect that employee's qualifications for employment, promotion, transfer, additional compensation, or disciplinary action. Not included would be "personal information" protected under M.G.L. c. 214 §1(b) and medical records protected by the American Disabilities Act.

In addition, we recommend that the town explore the human resource applications within the Munis system to centralize the information currently tracked separately in spreadsheets. This would enable the town to maintain, secure, and track complete and accurate personnel records as well as report required data to regulatory agencies.

6. Consider Biweekly Payroll

The current payroll system is a combination of weekly, biweekly, and monthly for town employees and the school department, and direct deposit is mandatory for all employees. An increasing number of employers in both the public and private sectors, including the Commonwealth, compensate employees on a biweekly basis. Although this will require collective bargaining and a 90-day notice to employees, paying employees every two weeks, or 26 times per year, reduces the processing time, saves money, simplifies reconciliations, and further frees up staff time.

7. Begin a Succession Planning Program

We recommend that the town take proactive, concrete steps to plan for personnel succession in key positions. With each passing year, municipalities throughout the state must pay increasing attention to the potential service impact of baby boomer retirements, and Holliston is no exception. There are several members of the town's financial management team that are approaching traditional retirement age. The town currently benefits from the extensive knowledge of these individuals and without constructive planning, it faces real risks of service disruptions, wasting resources on stopgap measures, and damaging its potential for bringing on the best available replacement personnel.

Effective succession planning supports service continuity by implementing strategies and processes to ensure transitions occur smoothly with little disruption to the town. The assistant town administrator should prioritize mapping out the town's current organizational structure. Based on discussions with department heads, Holliston should identify the positions that are operationally crucial and may be hardest to replace based on the required skills and knowledge. The select board should also assess the town's potential future needs and consider any appropriate structural changes based on strategic plans, goals, projects, and feedback from the town administrator and assistant town administrator.

As part of the succession plan, the assistant town administrator can ensure that department heads are following other best practices. Town staff have developed procedure manuals for some financial operations, and we encourage this to become a priority for all financial department heads. All processes should have a manual that lists step-by-step instructions. For proprietary software systems, the town should reach out to vendors to see what material they can supply and training sessions they can offer at what costs. In addition, department heads should continue to ensure a high level of cross-training within departments, and when appropriate, among departments. While this type of internal training should be made available, the town should also increase access to training and certification programs offered by local professional organizations. The town should also consider surveying similar and nearby towns for compensation of staff to ensure its salaries and benefits are competitive with other communities.

8. Procure Auditing Services and Conduct Annual Exit Conference

Holliston has engaged the audit firm Roselli, Clark & Associates to annually examine the town's financial statements and compliance with accounting standards since FY2008. The scope of services includes an examination of the town's financial statements, a management letter, and the federal award reports. Independent audits are critical to sound financial management by providing a measure of assurance that town assets are safe and handled responsibly. Periodically, putting this

service out for competitive bidding is a sound procedural control to mitigate the risk of complacency that can develop with such a long engagement. It is good practice for municipalities to seek a fresh look at the town's bookkeeping and financial procedures by qualified outside experts.

We therefore echo the advice of the Government Finance Officers Association (GFOA) and Massachusetts Office of Inspector General² that communities change their external auditors every five to eight years. The GFOA also recommends entering into multiyear agreements with audit firms (or a series of one-year contracts) for terms of at least five years. A multiyear agreement allows for greater continuity and enables a new auditor to spread initial start-up costs over multiple years, thereby potentially reducing first year costs. Thereafter, at the direction of the select board, the town administrator should engage in a full competitive selection process and rotation of auditors after each multiyear agreement to provide fresh perspective and foster long-term independence.

We further recommend that the town require the audit firm's managers present the audit's results before the select board and other policymakers. At the public meeting, the firm would review the financial management letter and identify areas of deficiency, if any. The auditors will also present recommendations for improvements in accounting procedures, internal controls, and other matters. Those in attendance will also have the opportunity to ask any questions regarding the audit. This approach presents an opportune forum to assess the town's financial position and hold financial team members accountable for their performance.

9. Discuss and Agree on Comparable Community Methodology

Benchmarking the town against other communities with similar socioeconomic and financial characteristics can be helpful when considering organizational model and other fiscal management changes. In doing so, the town may reach out to those communities about the processes followed, changes they adopted, the experience yielded, and insight as to what they may have done differently in retrospect. We recommend that town officials work cooperatively to develop a comparable community methodology. As a part of its review, the Governance Committee developed a list of comparable towns similar to Holliston based on socioeconomic and fiscal performance indicators, but the finance committee raised some concerns about the selection process.

Generally, when we develop peer communities for a financial management review, the factors used to identify these peers are:

² For guidance, see the Inspector General publication [A Local Official's Guide to Procuring and Administering Audit Services](#)

- Population
- Total budget (including enterprise funds and Community Preservation Act funds)
- Residential and open space percentage of total property valuation
- Equalized valuation per capita
- Income per capita
- Free cash certification and stabilization fund balance
- Bond ratings issued by Moody's and Standard & Poor's

In addition to the above criteria, we also consider whether or not other municipalities manages their own K-12 school district, as Holliston does, or are members of non-vocational/technical regional school districts.

10. Bill and Collect Water Charges

We recommend that the treasurer/collector's office bill and collect the town's water service charges. It is best practice to have segregation of duties, the respective department committing the charges and the treasurer/collector's office collecting all payments. Without it, the community loses an important check and balance that could compromise financial control.

11. Enter Departmental Receipts

We recommend that the treasurer/collector's office enter departmental receipts turned over by departments into Munis. The staff should enter collections into Munis to ensure it is correctly reported in the appropriate account(s), reconciles with deposits made, and posted accurately in the cash book.

12. Approval of Vendor Bills and Payroll by Boards

We recommend that elected and appointed boards, who oversee a department and are authorized to expend town funds, approve vendor payment requests and payroll coversheets, per state statute. Approval of non-payroll expenditures submitted to the accountant requires signatures of a majority of a board's members ([MGL c. 41, §56](#)). This responsibility cannot be delegated to staff or to a single member of the board or committee. Similarly, state law ([MGL c. 41, §41](#)) requires that elected or appointed boards verify an employee's time by way of a signature, or signatures, on payroll submissions to the treasurer. Should a payroll cover sheet be submitted without requisite information or approvals, the treasurer is required to return the payroll submissions for correction. This responsibility cannot be assigned to the staff. However, unlike with vendor warrants, a board, committee or commission is permitted to delegate this approval authority, by a vote, to one of its

members. In the school department, submissions by the principal and others must be approved in warrants by the school committee before they are sent to the town accountant.

13. Reconcile Receivables Monthly

While cash and water receivables are reconciled monthly, tax and excise receivables are reconciled less frequently. We recommend that the treasurer/collector reconcile the receivables to the town accountant's and general ledger each month. The collector reviews her receivable control report, verifying that payments received, abatements and exemptions granted by the assessors, and refunds issued have been posted accurately, and any variances and/or credit balances must be researched and corrected timely. A frequent schedule of reconciliations is fundamental to identifying and correcting posting or reporting errors, which helps minimize extra year-end work, ensures the safeguarding of the town's assets on an ongoing basis, and ensures the accuracy of town financial records.

14. Review Certification Directives

We recommend that the principal assessor review and develop a plan to address Holliston's certification directives. DLS has Certification Standards ([IGR 19-08](#)) that local assessors must follow for the Commissioner of Revenue to certify they are assessing at full and fair cash valuation, which is required every five years. After each certification, BLA provides written directives that must be reviewed for compliance when developing the subsequent revaluation program.

Directives identify areas of improvement and recommended practices that should be consistently performed whether it is a certification year or not. While Holliston's next revaluation is not scheduled until FY2026, the principal assessor should immediately begin focusing on steps and resources needed to plan and resolve directives. A directive may be a matter that is reviewed prior to the next tax rate being set or require that staff or consultant perform additional inspections or analyses, which may require additional fiscal resources to resolve. With the five-year certification schedule, the assessors are required to prepare a review of the directives from BLA every three years. In the Gateway system, the principal assessor will self-report the status of each directive that will be reviewed with the BLA advisor. Failure to address prior directives could result in delays to the next certification.

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Sam Tyler, Governance Committee Chair
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Donna Muzzy, Office Manager
Mary Bosquet, Treasurer/Collector
Lois Saunders, Assistant Collector
Kristin Stearley, Assistant Treasurer
Mallory Franchesi, Tax Clerk
Celeste Doherty, Payroll Clerk
Cheryl Houle, Human Resources/Benefits Specialist
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James Keast, Facilities Director
Christopher Meo, Information Technology Director
Kathryn Peirce, Principal Assessor
Kevin Rudden, Assistant Assessor
Sharlene Harris, Assessing Clerk
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